

Message Text

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ACTION STR-04

INFO OCT-01 STRE-00 IO-13 ISO-00 AF-10 ARA-10 EA-07
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COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
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USMTN
ACTION STR
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EO 11652: N/A
TAGS: ETRD; MTN
SUBJECT: NTM MEETING OF SUBGROUP ON QUANTITATIVE RESTRICTIONS,
JULY 5, 1977

1. SUMMARY: ONE DAY MEETING OF QR SUBGROUP HIGHLIGHTED
BY AUSTRALIAN INTRODUCTION OF PROPOSAL FOR "PROGRAMMED"
PHASE-OUT OF GATT-INCONSISTENT QRS. ALTHOUGH
THIS PROPOSAL MET WITH STIFF OPPOSITION FROM JAPAN AND
EC, IT STIMULATED ACTIVE DISCUSSION ON POSSIBLE METHODS
OF QR NEGOTIATION. SUBGROUP ALSO AGREED TO USE THE GATT
SECRETARIAT DRAFT TEXT ON LICENSING TO ADMINISTER IMPORT
RESTICTION (LAIR) AS BASIS FOR FUTURE WORK, AND ASKED
SECRETARIAT TO DO SIMILAR DRAFT ON AUTOMATIC
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IMPORT LICENSES (AIL). SWISS PROPOSAL FOR INCLUDING
EXPORT LICENSING IN DRAFT IMPORT LICENSING TEXTS STRONGLY
OPPOSED BY CANADA AND AUSTRALIA. END SUMMARY.

2. NEGOTIATING APPROACH TO QRS: AUSTRALIA (AMB. FOGARTY)
INTORDUCED PROPOSAL FOR "PROGRAMMED" PHASE OUT OF GATT
INCONSISTENT QRS (MTN/NTM/W/106) AND LINKED WORK IN QR

AREA WITH PROGRESS IN OTHER NTM SUBJECTS, E.G. SAFEGUARDS AND OTHER NTMS, "INCLUDING EXPORT RESTRICTIONS". FOGARTY WARNED THAT FAILURE TO ACHIEVE COMPREHENSIVE SOLUTION TO QRS WOULD CAST GRAVE DOUBT ON SIGNIFICANCE OF MTN AND UTILITY OF GATT AS AN INSTRUMENT TO CONDUCT INTERNATIONAL TRADE. ELEMENTS OF PROPOSAL INCLUDE

(1) STANDSTILL- NO NEW QRS UNLESS JUSTIFIED UNDER EXCEPTIONS CLAUSES OR SUSPENSION PROCEDURES OF GATT, (2) PHASE OUT OF GATT INCONSISTENT QRS BY AN AGREED DATE: (3) EXCEPTION PROCEDURE FOR QRS ON SENSITIVE PRODUCTS, BUT WITH A VIEW TO ULTIMATE PHASE OUT: (4) IF PHASE OUT ACCEPTED, CONTRACTING PARTIES WOULD FOREGO GATT SANCTIONED RETALIATION IF THEIR RIGHTS WERE NULLIFIED OR IMPAIRED BY THE GATT INCONSISTENT QRS; (5) PHASE OUT TIME TABLE TO BE INSCRIBED IN GATT SCHEDULES; (6) CATALOG OF ALL GATT INCONSISTENT QRS; (7) ALL QRS TO BE SUBJECT TO NEW RULES ON LICENSING TO ADMINISTER IMPORT RESTRICTIONS. AS A PRACTICAL MATTER, AUSTRALIA SUGGESTED THAT WORK COMMENCE BY USING GATT LIST OF QRS (L/4455 OR NTM INVENTORY AND 3/E DOCUMENTATION) WITH COUNTRIES SUPPLYING GATT JUSTIFICATION FOR QR. RESTRICTIONS FOR WHICH NO JUSTIFICATION IS GIVEN WOULD BE SUBJECT TO PHASE OUT. WHERE DISAGREEMENT ARISES AS TO JUSTIFICATION, INTERESTED PARTIES COULD AVAIL THEMSELVES OF USUAL GATT DISPUTE SETTLEMENT PROCEDURES.

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3. SINCE AUSTRALIAN PROPOSAL CIRCULATED SHORTLY BEFORE MEETING BEGAN, DELS COULD OFFER ONLY PRELIMINARY COMMENTS, BUT PROMISED TO STUDY IT FURTHER. US DEL (NEWKIRK) SAID WE COULD SUPPORT MANY ELEMENTS OF THE AUSTRALIAN PROPOSAL, BUT STATED THAT US PROPOSAL (MTN/NTM/W/66), CONTAINING A COMBINATION OF BILATERAL AND MULTILATERAL NEGOTIATING APPROACHES, IS PREFERABLE GIVEN ITS FLEXIBILITY TO HANDLE BROAD RANGE OF QRS. NEWKIRK NOTED THE IMPORTANCE OF A MULTILATERAL APPROACH, PARTICULARLY TO LINK THE QR NEGOTIATIONS WITH RELEVANT GATT OBLIGATIONS. ALTHOUGH US WILL CONTINUE TO SEEK A MULTILATERAL SOLUTION, PRESENT US EFFORTS ARE CONCENTRATED ON THE BILATERAL TRACK. IN THIS CONNECTION, THE US HAS SUBMITTED REFINED QR NOTIFICATIONS AND EXPECTS TO FILE FURTHER SUBMISSIONS IN THE NEAR FUTURE. US DEL THEN QUERIED AUSTRALIA AS TO THE SPECIFIC GATT "EXCEPTIONS CLAUSES" AND "SUSPENSION PROCEDURES" THAT COULD BE EMPLOYED TO JUSTIFY QRS UNDER THEIR PROPOSAL. FOGARTY RESPONDED WITH EXAMPLES OF SPECIFIC EXCEPTIONS (GATT ARTICLES XI:2; XII; AND XVIII:9) AND GENERAL EXCEPTIONS (XIX, XX, XXI, XXIII, XXXIII, AND XXXV).

4. AUSTRIA (SEGALLA) REGARDED AUSTRALIAN PROPOSAL AS

"INTERESTING CONTRIBUTION", AND ASSERTED THAT BEST WAY TO LIBERALIZE INDUSTRIAL QRS IS VIA A MULTILATERAL APPROACH. CANADA (GOCL ENVISAGED POSSIBILITY OF A MULTILATERAL APPROACH AT A LATER STAGE, BUT URGED BILATERAL CONTACTS AS MOST PRRAGMATIC WAY TO PROCEED AT THIS TIME. JAPAN (TAMORI) CRITICIZED MULTILATERAL APPROACH AS FAILING TO RECOGNIZE UNIQUE SOCIO-ECONOMIC FACTORS WHICH UNDERLIE REMAINING HARD COR QRS AND CALLED FOR CONTINUATION OF BILATERAL CONSULTATIONS. TAMORI ASSERTED THAT NEXT STEP TO NEGOTIATING STAGE DEPENDS ON PROGRESS IN OTHER MTN AREAS. EC (ABBOTT) COMMENTED ON AUSTRALIAN LINKAGE IDEA BY CONTENDING THAT PROGRESS IN ADOPTING SELECTIVE USE OF SAFEGUARD PROCEDURES WOULD MAKE LIBERALIZATION OF QRS EASIER. ABBOTT RECITED PAST FAILURES OF MULTILIMITED OFFICIAL USE

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LATERAL ATTEMPTS TO LIBERALIZE QRS SINCE 1970 AND STATED THAT PROGRESS IS MOST LIKELY BY FOCUSING ON PRACTICAL PROBLEMS OF SPECIFIC QRS. EC CLAIMED THAT US AND AUSTRALIAN TRADE IS NOT AFFECTED BY EC QRS, MAKING IT EASY FOR THEM TO PROPOSE A MULTILATERAL APPROACH WITHOUT REALIZING DIFFICULTIES IT PRESENTS FOR THE EC. THE UK (SPEAKING FOR HONG KONG) AGREED WITH GENERAL APPROACH, BUT DEMANDED IMMEDIATE ELIMINATION OF GATT INCONSISTENT QRS. NEW ZEALAND SAID LIBERALIZATION ON THEIR QRS IS CONTINGENT ON LIBERALIZATION OF QRS BY OTHERS. BRAZIL, SENEGAL, ANDEAN GROUP AND ROMANIA URGED S&D FOR LDCS.

5. MEXICAN PROPOSAL (MTN/NTM/W/29); MEXICO (DELGADO) SUGGESTED THAT GATT SECRETARIAT COMPILE DATA ON QRS SUBJECT TO CONSULTATION UNDER SUBGROUP PROCEDURES (I.E. RESTRICTION, DESCRIPTION OF MEASURE, PRODUCT COVERAGE, TRADE VALUE, PRINCIPAL USPLIERS, NOTIFYING COUNTRIES, ETC.) SO ALL PARTICIPANTS COULD DISCUSS QR PHASE OUT ON BASIS OF HOMOGENOUS FACTS. IINDIA (HEMRAJANI) SAID PROJECT SHOULD COVER ALL PRODUCTS, BUT NOT INCLUDE QRS MAINTAINED BY DEVELOPING COUNTRIES. US REJECTED LATTER INDIAN SUGGESTION BUT CITED USEFUL ELEMENTS IN MEXICAN PROPOSAL RECALLING PREVIOUS US PROPOSAL (MTN/NTM/W/28) AND URGED DELS TO REPORT CONSULTATIONS IN A UNIFORM FORMAT. AFTER MUCH DISCUSSION OF THE DETAILS OF INFORMATION REQUIRED (DURING WHICH SOME UNCHARACTERISTIC DISSENSION AMONG LDC RANKS WAS EXHIBITED), SUBGROUP ASKED SECRETARIAT TO PERFORM FEASIBILITY STUDY OF COMPILING SUCH INFORMATION ON BASIS OF REPORTS OF CONSULTATIONS (MTN/NTM/W/40 SERIES) AND OTHER AVAILABLE DOCUMENTATION.

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6. IMPORT LICENSING: GATT SECRETARIAT PRESENTED A REPORT ON THE QR TECHNICAL GROUP MEETING (REFTEL) SAYING THAT WHILE SOME DIFFERENCES WERE NARROWED, NO FINAL CONSENSUS HAD BEEN REACHED. SECRETARIAT HAD DONE A FEASIBILITY STUDY OF NEW DRAFT TEXT ON LAIR BASED ON CTIP TEXT AND SUGGESTED REVISIONS (MTN/NTM/W/103) AND TEXT MET WITH GENERAL APPROVAL BY SUBGROUP AS BASIS FOR FURTHER WORK. SUBGROUP ASKED SECRETARIAT TO DO SIMILAR FEASIBILITY STUDY FOR TEXT ON AUTOMATIC IMPORT LICENSING (AIL) AND AGREED TO DISCUSS BOTH TEXTS AT NEXT TECHNICAL LEVEL MEETING. THE SECRETARIAT WILL DRAW UP A COMPARISON OF RELEVANT GATT ARTICLES WITH NEW DRAFT LICENSING TEXTS SIMILAR TO THE COMPARATIVE STUDY ON THE CTIP TEXT IN MTN/NTM/W/104. US, SUPPORTED BY CANADA, REITERATED POSITION THAT AUTOMATIC LICENSING IS BEST PURSUED IN SAFEGUARD CONTEXT.

7. EXPORT LICENSING: SWISS PROPOSAL TO INCLUDE EXPORT
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LICENSING IN DRAFT IMPORT LICENSING TEXTS MET STIFF RESISTENCE. JAPAN OBSERVED THAT EXPORT RESTRICTIONS ARE BEING DISCUSSED ELSEWHERE IN MTN, AND

AUSTRALIA, JOINED BY INDIA AND MEXICO, ASSERTED THAT TERMS OF REFERENCE OF SUBGROUP DO NOT COVER EXPORT LICENSING. CANADA DECLARED THAT ONLY TNC COULD DEAL WITH ISSUE, BUT OFFERED TO DISCUSS EXPORT MEASURES IN A SECTORIAL CONTEXT. US, EC AND AUSTRIA SUPPORTED SWISS PROPOSAL STATING THAT SUBGROUP'S MANDATE COVERED BOTH IMPORT AND EXPORT QRS, BUT US SUGGESTED POSTPONING DISCUSSION UNTIL DECISION IS MADE ON HOW EXPORT MEASURES ARE TO BE TREATED IN MTN. SWISS PROMISED TO RAISE MATTER AT JULY 21 NTM PARENT GROUP MEETING.

8. CHECKLIST: AS EXPECTED, INDIA REQUESTED GATT SECRETARIAT TO COMPILE A CHECKLIST OF POSITIONS AND PROPOSALS OF DELEGATIONS IN THE QR AREA. EC, NORDICS, JAPAN, AUSTRALIA, AND YUGOSLAVIA QUESTIONED UTILITY OF THIS PROJECT. INDIA RELENDED, BUT INSISTED ON KEEPING PROPOSAL ON THE TABLE FOR NEXT MEETING.

9. DATES FOR NEXT MEETING: DATE OF TECHNICAL LEVEL GROUP ON DRAFT LICENSING TEXTS AND NEXT QR SUBGROUP MEETING WILL BE SET AT JULY 21 NTM PARENT GROUP SESSION.MCNAMARA

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Message Attributes

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